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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

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February 17, 1994

William Catons, Secretary of the FCC
Washington DC

Dear Secretary Catons,

Please find enclosed a chart package expressing ideas on the upcoming PCS Auction with regards to 'Designated Entities.' Please file these comments against Docket File 93-253.

The thoughts contained within this package are gaining popularity among those in the Telecommunications Industry that I have presented it to. I recently had an opportunity to outline my thoughts concerning (Designated Entities) to Congresswoman Eva Clayton's Aid on Telecommunications. Congresswoman's Clayton's office was very much impressed and agreed to present the charts to the Congressional Black Caucus members that serve on Congressman's Markey's Telecommunications and Finance Sub-Committee.

It is my hope that you will give careful consideration to the inclusion of the 'Designated Entities' in the upcoming PCS Auction rules. I have outlined a plan that will basically guarantee that this is achieved.

As I further developed my thoughts along the lines of inclusion, the following suggestion seems to be of great merit.

Currently the Cellular Industry is seeking permission to operate PCS systems within existing territories in which they provide service. If rulings were passed that would allow existing Cellular providers to operate PCS systems only if they partnered with a 'Designated Entity' this would indeed provide the much desired win-win situation we all strive for in situations such as this. If this idea is adopted as a ruling, I would like to see the Cellular Operators provide conduits of financing, training for the 'Designated Entity' PCS partners and employment opportunities for the 'Designated Entity' population at large.

You will find that the above thought is in parallel with the in-depth discussion contained in the enclosed chart package.

Should you desire to discuss the items I am presenting please call.

Thank you for your attention and I wish you much success as the Secretary of the FCC.

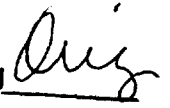
Regards


Peter M. Cabaniss

CC: Chairman Reed Hundt
Commissioner Andrew Barrett

Commissioner James Quello

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Proposal On PCS (Personal Communications Services) Auction



'Designated Entities, an Inclusive Approach'

Peter M. Cabaniss

The Author of this presentation is: Peter M. Cabaniss

He has 10 yrs. experience in the Telecommunications Industry and is currently the International Product Manager for ISDN (Integrated Services Digital Network) a Software/Hardware Product deployed by an International Telephone Network Switching Vendor.

He holds a BS in Engineering and is currently pursuing a Master in Engineering w/ a concentration in Telecommunications Software Technology.

This presentation, is not a reflection of his employers views, but are the thoughts and issues raised from his own concerns.

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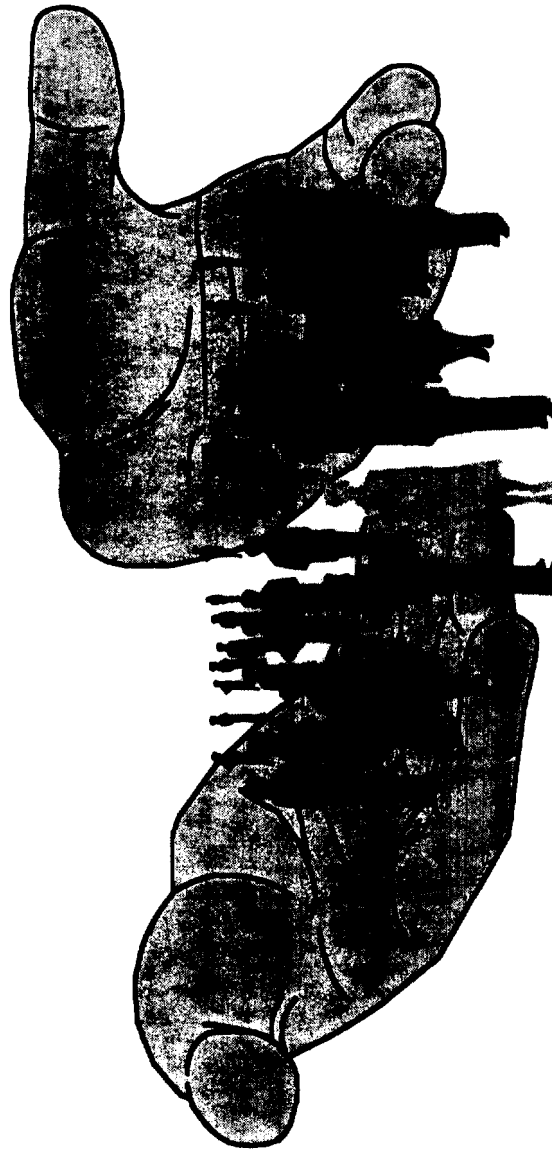
Note:

The re-use of this chart package is encouraged in any activity that furthers the cause of opening the Personal Communications Service frequency allocation to Designated Entities in a far reaching inclusive approach.



Proposal on PCS (Personal Communication Services) Auction

' Designated Entities an Inclusive Approach '



SBAC Presentation On PCS January '94 PMC



alternative to cellular w/ equivalent mobility.

The FCC is proposing the Auctioning of the Spectrum (Frequencies) that will govern the implementation of this new service. Once implemented, this service will allow low power telephone handsets to be used anywhere, in or out of buildings as well as in travel, air or ground. This new communication service is expected to be a multi-billion \$ dollar business and generate huge profits for the business owners. With this in mind the FCC has sought means of allowing access to this lucrative market for designated entities, (small business, rural telcos, women and minorities).

This presentation will propose a means of achieving the above stated goals of the FCC.



- ...country
...major business trust
...the action starts
...education, training and access
- Alternative to Auction or 'Auction +'**
- Proposal
 - Business equation (example)
- » **Benefits to Government and Designated Entities**
- All inclusive
 - Everyone can play
 - Everyone wins
- » **Conclusion**
- Foundation established for the future



...millions of Americans who did not know how to participate in this great financial blessing. Today their descendants still struggle to carve out a place of the 'Great American Pie.'

GENERATION OF 1840

- **Destituted entities constrained from making or losing their way in the world, the vision was there for those who were willing. Tens of millions of Americans were willing to take risk to obtain financial freedom, however, lack of freedom of another sort held them back.**

» Oil, Oil, Oil early 1900's

- **When the fertile fields of Oklahoma, Kansas and Texas exploded with oil, thousands rushed in and many of their families are household names today. Tens of millions of Americans were just beginning to explore the paths of freedom.**

PCS Spectrum Allocation is the Land Grant Act of the 20th Century



The founding fathers once stated that one of the roles of government is to: "... protect the populace from the common interest." Can this be said of our government today? Does the FCC, as an arm of the government, have a role to play in adhering to this founding belief?

- Always left standing, when the action starts
 - » Tens of millions of Americans never get a chance to get on board. They are always at the dock looking as someone else's ship comes in. They are always blamed for being excluded outside of the, 'Land Grant Acts of this Country.'

PCS Spectrum Allocation is the Land Grant Act of the 20th Century



- Combinatorial Bidding
- Vickrey Bidding
- Dutch Bidding
- Combinatorial Bidding
- Set-Asides in the following for Designated Entities:
 - C Block BTA (Basic Trading Area) (20 Mhz) 1880-1890 Mhz, 1960-1970 Mhz range
 - D Block BTA (10 Mhz) 2130-2135 Mhz, 2180-2185 Mhz range
- » The deposit on bidding (\$.02/pop/Mhz), the cost of the infrastructure (est. \$100-200 million/BTA) and the resulting cost of the license for a successful bid, still leaves the majority of the Designated Entities standing on the dock.



Entities. Selection should be based on how far the company's inclusive policies are and the company's controlling interest in the members of the Designated Entities. In any case, one could not be wholly owned by the company, but must be co-owned by a portion of those targeted in its inclusive policy.

– Business Equation:

- » **Company (A) + Designated Entities (B) = \$\$ Profits for A and B**
The \$\$ Millions Company A saves in the cost of a license is its incentive to have a far reaching inclusive policy. The initial cost of implementing this policy is more than offset by the savings.
- » **The remaining spectrum for the majority of the country would be auctioned as currently proposed w/ the C & D Blocks held intact for Designated Entity Bidding only.**



A winning company would be awarded exclusive spectrum use for the geographical area. In turn, the company would share ownership of the license with, and afford voting rights to, members of the Designated Entities.

- The winning company formulates a franchise agreement that provides a set number of franchises in the geographical area.
- The franchise owners are members of the Designated Entities.
- Two types of franchises are available :
 - A service franchise (call origination, processing, termination and air time billing)
 - A retail franchise (PCS consumer equipment sales and service ordering)
 - % of all employees in this geographical operation will be members of the Designated Entities



PCS consumer equipment providers are awarded tax incentives for providing favorable terms for the retailing of their equipment (handsets, PDA's, data devices etc.).

- Shares of stock are marketed to and a % set-aside for purchase by members of the Designated Entities.
- Educational Seminars are sponsored by the winning company for local area college and high school students. An internship program is enacted for the same students.
- An Intensive Telecommunications Training program is designed for the franchise owners.

» ... and many more avenues of inclusivness would be designed by companies competing for the award of an exclusive PCS license in one of the selected geographical areas.



• Benefits to Government and Designated Entities – All Inclusive

Company A (owned by a Designated Entity) receives the PCS license for a geographical area

Formulates Franchise agreement for sale of consumer equipment w/ Designated

Training in Telecommunications for Designated

IPO (Initial Public Offering) of stock with % for Designated

Job opportunities for Designated % for Designated

Seminars in Telecommunications taught in local schools

An upper middle class is enlarged by the Franchise generating a larger Tax Base

A new avenue to independence and wealth for thousands through local employment and the Tax Base is expanded further

New hopes and dreams for millions through the associated seminars and good will from this ruling

Industry jobs and awakened dreams, as opposed to corporations that pay the majority of their taxable income

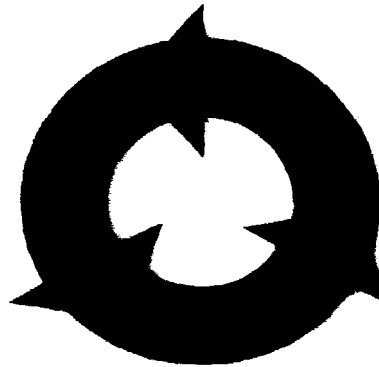
BBDO Presentation On PCS January '94 /PMC



- **Benefits to Government and Designated Entities**
 - Everyone can play



Large Corporation gets allocation



Government Increased Tax Base



Small Companies and Individuals share in license via franchise



Local students introduced to growth industry



Local residents are afforded job and investment opportunities

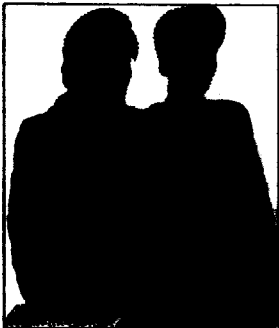




- **Benefits to Government and Designated Entities**
 - **Everyone wins**

PCS Spectrum Allocation is the Land Grant Act of the 20th Century

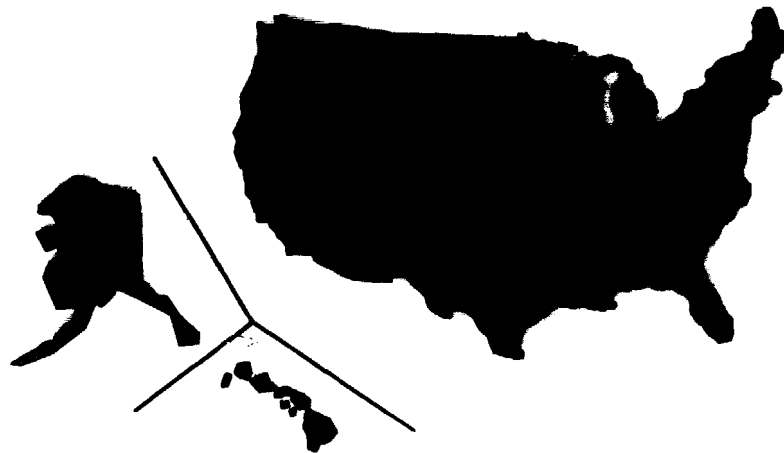
Shouldn't Everyone Participate, This Time Around?





- **Conclusion**

- Foundation established for the future



Very few people have the opportunity that is before the FCC at this time. Those who are commonly referred to as the disenfranchised can now truly become co-inheritors of this country. The chance is available to build an economic base for those who peer into the future but never hold it. PCS Spectrum allocation is clearly a means to heal some of the ills that are presently tearing us apart.